to provide sustainable returns to the Government, without depleting the corpus. 75% of NIF's annual income will be used to finance selected social sector schemes, which promote education, health and employment and the residual 25% will be used to meet the capital investment requirements of profitable and revivable PSUs.

Losses in RRBs

774. SHRI GIREESH KUMAR SANGHI:
SHRI SANTOSH BAGRODIA:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that deposits in Regional Rural Banks have grown steadily; if so, the details thereof;

(b) whether it is also a fact that such RRBs have been able to meet their lending targets for priority sector; if so, the details thereof;

(c) whether it is also a fact that despite rise in deposits, the RRBs have still been incurring losses;

(d) if so, the reasons therefor; and

(e) what steps are being taken to restore viability of the Regional Rural Banks?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Deposits of Regional Rural Banks (RRBs) as reported by NABARD have increased during the last three years as per details given below:—

(Rs. in crores)

Particulars	2003-04	2004-05	2005-06
Deposits	56350.08	62143.00	71328.83

(b) RRBs have been able to meet their lending targets under priority sector (60 per cent) as prescribed by Reserve Bank of India (RBI). The details are given below:-

(Rs. in crores)

Particulars	2003-04	2004-05	2005-06
Total loans issued	15579.04	21082.47	25426.97
Priority sector loans issued	11722.30	16568.02	20619.04
Percentage of Priority Sector Lending to total loan issued	75.24	78.58	81.80
Total loans outstanding	26113.86	32870.03	39712.57
Out of which outstanding under priority sector loans	20470.22	26076.53	32177.25
Share of priority sector loans to total loans outstanding	78.39%	79.33%	81.02%

(c) and (d) Out of 196 RRBs, 33 and 30 RRBs made losses during the years 2003-04 and 2004-05 respectively. In the year 2005-06, the total number of RRBs were reduced to 133 by way of amalgamation. Out of 133 RRBs, 22 RRBs incurred losses. The amount of losses incurred by these RRBs were as under:

(Rs. in crores)

Particulars	2003-04	2004-05	2005-06
Amount of total loss incurred at the end of the year	183.65	154.49	190.67

The main reasons for losses of Regional Rural Banks are: limited area of operation, low volume of business, low margin, higher overdues, etc. However, as a whole, the-RRBs made Net Profit.

(e) Government of India/RBI and NABARD have taken a number of steps for restoring the viability of RRBs:-

(i) Business diversification

(ii) Permission to cover non-target group to the extent of 40% of total loans

(iii) Relaxation on service area approach for expanding business

(iv) Amalgamation of RRBs for business consolidation, expansion etc.

(v) Improving recovery position